

THE CITY OF SAN DIEGO

**A Citizen's
Guide to the
Capital
Improvements
Program**

IBA

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Quick Look: Capital Improvements Program

Infrastructure includes the basic physical structures, systems, and facilities needed to provide services to residents and for the functioning of a community and its economy, such as sidewalks, streets, parks, fire stations, police facilities, and water and sewer systems. Like many cities, the City of San Diego has a Capital Improvements Program (CIP) for installing new and replacing or rehabilitating existing infrastructure. Decisions made regarding the CIP are very important because capital improvements projects are generally large and expensive, and the assets they create will likely be required for decades of public use. Capital projects generally take multiple years to complete, require special funding sources, and are included in the CIP Budget which is separate from the City's Operating Budget.

Understanding the City's CIP is important to enable citizens to effectively become involved and provide thoughtful input on new and existing capital improvement projects.

Keys to Understanding the CIP

1. **The CIP is a complex process.** As shown on page 2, this process includes identifying, prioritizing, and finding funding for needed projects; developing and approving the annual CIP Budget; and implementing multi-year capital improvement projects.
2. **Many City departments and organizations are involved in the CIP.** Some key players include:
 - ✚ *Asset-owning departments* identify, prioritize, and—working with the Mayor, Council, and appropriate City departments—find funding for needed capital improvement projects. Asset-owning departments or divisions includes Airports, Environmental Services, Fire-Rescue, Library, Park & Recreation, Police, Public Utilities, Public Works-General Services, QUALCOMM Stadium, Real Estate Assets, and Transportation & Storm Water.
 - ✚ The *Financial Management (FM) Department* reviews project funding requests, confirms the availability of funds, and develops the CIP budget.
 - ✚ The Mayor's *CIP Review and Advisory Committee (CIPRAC)* reviews proposed CIP projects from a Citywide perspective and forwards proposed budget recommendations for the Mayor's and, during the annual budget process, City's Council's approval. CIPRAC includes senior-level officials from City departments that are involved with the CIP.
 - ✚ The *Public Works-Engineering & Capital Projects (E&CP) Department* implements and manages approved projects in the CIP Budget and provides status updates to the City Council.
3. **The CIP is constrained by limited available funding and funding sources that have specific restrictions on how they can be used. The General Fund is not a primary source of funding for the CIP, because it is used to fund the City's core community services, such as Police, Fire, and Park & Recreation.**
 - ✚ The City's infrastructure needs significantly exceed available resources, so the City has competing priorities for limited funds.
 - ✚ The CIP is funded from various sources which often have restrictions on how they can be used, for example based on the type of project or a specific community or geographic location.
 - ✚ As a result, there is relatively little discretionary funding available and some Departments, such as Public Utilities which is supported through water and sewer rates, have significantly more available funds than others.
4. **The annual CIP Budget process is the City's mechanism for getting projects approved and implemented.**
 - ✚ In recent years, the majority of the CIP budget has funded ongoing projects and only a small portion has been available to begin new projects.
 - ✚ Given funding constraints and competing priorities, many capital projects have been deferred resulting in a backlog. To address the backlog, the City recently issued the second of six planned bond issuances.
 - ✚ The CIP Budget includes five years of funding for (1) ongoing projects started in previous years and (2) new projects starting in the current fiscal year. Currently, the CIP Budget does not include new projects starting in later fiscal years due to limited funds, among other things.

Identifying Needed CIP Projects

Asset-owning City departments that operate, manage, or maintain capital assets—such as Public Utilities, Transportation & Storm Water, and Park & Recreation—are responsible for identifying needed capital projects. Each department has its own way of identifying needs depending on available resources.

How staff identify projects

Department staff generally identify needed CIP projects based on one or more of the following:

- City policy and direction from Mayor and City Council.
- Legal requirements or mandates.
- Long- and mid-range plans that guide implementation of Citywide, regional, departmental, and/or community goals.
- Formal assessments of the condition of assets and systems that use this information to identify the best approach for addressing needs.
- Department staff assessments of needs based on experience, repair and maintenance records, and observations.
- City Council priorities and requests.
- Public input through Council Members, planning or advisory committees, and/or budget hearings.

New Opportunity for Public Input

City staff are working with the Community Planners Committee (CPC) to obtain public input on community infrastructure needs for the FY 2014 CIP Budget.

Identifying Funding and Prioritizing Projects

Identifying Funding – The General Fund is not a primary source of funding for the CIP. Asset-owning department staff—working with the Mayor, City Council, and appropriate City Departments—identify funding for proposed projects, but must do so within several constraints:

- Needs greatly exceed available resources so there are competing priorities for limited funds.
- Many of the funding sources for capital improvement projects have restrictions on how they can be spent, including:
 - on a specific project type, such as water system or transportation, and/or
 - within a certain community or geographical area.

As a result, there has been relatively little discretionary funding available.

Prioritizing Projects – Asset-owning department staff provide a ranking for each project based on [Council Policy 800-14](#) which includes guidelines and weighted factors, such as

- impact to health and safety (25%),
- impact of deferring the project (15%), and
- community investment (10%).

Public Works-Engineering & Capital Projects (E&CP) Department staff refine the priority score during implementation. Given the constraints discussed above, CIP projects typically do not compete across different project categories, funding sources, or project phases.

Budgeting for the CIP (FY 2014)	
August - September	<i>New in FY 2014</i> – Education and outreach to the public via the CPC.
October - November	<i>New in FY 2014</i> – Community Planning Groups develop requests for CIP projects and submit to CPC. CPC compiles and submits to City staff.
November - January	<p><i>New in FY 2014</i> – Task force of staff from asset-owning departments and E&CP assess projects requested by public.</p> <p>Asset-owning departments submit proposed projects and requested funding to Financial Management (FM). FM confirms availability of requested funds.</p> <p>CIPRAC reviews proposed projects and funding requests, may make adjustments, and submits for Mayor's approval.</p>
January - March	FM works with asset-owning departments and prepares Proposed Budget.
April 15	Mayor releases Proposed Budget to the Public.
May	<p>City Council holds public budget hearings, including separate hearing for the CIP.</p> <p>Council may recommend changes to Proposed Budget.</p> <p>Mayor's May Revision to Proposed Budget released.</p>
June	City Council reviews final changes and approves budget.
July 1	New Fiscal Year begins.

Implementation of Projects in the Approved CIP Budget

E&CP is primarily responsible for implementation and management of approved projects from the CIP Budget (as shown below). In a few cases, such as if a department has specialized needs, the asset-owning department will perform project management functions.

Capital improvement projects frequently are large, expensive, and take multiple years to complete.

Project Implementation Phases

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graph TD
    A[Project Initiation] --> B[Planning/Pre-Design]
    B --> C[Design]
    C --> D[Construction Bid & Award]
    D --> E[Construction]
    E --> F[Post-Construction]
    
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Monitoring and Oversight – Per recent CIP streamlining and transparency initiatives, E&CP staff report on the status of the CIP to the City Council biannually and are available to present to Committees or the full Council upon request.

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Abbreviations

We tried to minimize the use of abbreviations, but you will hear many of these if you get involved with the CIP.

ADA	Americans with Disabilities Act
CIP	Capital Improvements Program
CIPRAC	CIP Review and Advisory Committee
CPC	Community Planners Committee
DIF	Development Impact Fees
E&CP	Public Works-Engineering & Capital Projects Department
FBA	Facilities Benefits Assessment
FM	Financial Management Department
FY	Fiscal Year
GO	General Obligation
IBA	Office of the Independent Budget Analyst
MACC	Multiple Award Construction Contracts
MAD	Maintenance Assessment District
PIO	Public Information Officer

Introduction

The mission of the Office of the Independent Budget Analyst (IBA) is to provide clear, objective, and unbiased budgetary and policy analysis and advice to the City Council and the public. Our office developed this Guide to provide a solid foundation of knowledge about the City of San Diego's Capital Improvements Program (CIP) for interested citizens. Understanding the City's CIP is important to enable citizens to effectively become involved and provide thoughtful input on new and existing capital improvement projects. Note that this guide can be used in conjunction with our [Citizen's Guide to the City's Operating Budget](#) which provides an outline of how the monies coming into the City will be spent to operate and maintain City functions and services. These documents will be updated annually to reflect changes to the processes.

For additional information on the City's budget and other important topics, please visit our website www.sandiego.gov/iba, email sdiba@sandiego.gov, or phone (619) 236-6555.

Overview of the Capital Improvements Program

Infrastructure includes the basic physical structures, systems, and facilities needed to provide services to residents and for the functioning of a community and its economy, such as sidewalks, streets, parks, fire stations, police facilities, and water and sewer systems. Different entities are responsible for installing and maintaining the infrastructure that they own and operate and that is within their boundaries or jurisdiction. For example the City of San Diego is responsible for maintaining its storm drains, streets and facilities.

The City is not responsible for the trolley rail, or bus systems which are owned and operated by the Metropolitan Transit System—a California public agency. The County of San Diego, State of California, and U.S. governments also have responsibility for assets within the City of San Diego, including applicable facilities, roads, and highways.

Infrastructure within City's Area of Responsibility

-  Airports (Brown and Montgomery Fields)
-  Miramar Landfill
-  Fire Stations
-  Libraries
-  City Parks & Recreation Centers
-  Police Departments
-  Water and Sewer Systems
-  City Buildings
-  QUALCOMM Stadium
-  City-owned Real Estate
-  Storm Drain System
-  Streets, Sidewalks, Street Lights, and Traffic Signals

Like many cities, the City of San Diego has a Capital Improvements Program (CIP) for installing new and replacing or rehabilitating existing infrastructure. The CIP is a

IMPORTANT FACTS: CIP PROJECTS VERSUS MAINTENANCE

It is important to distinguish CIP projects from maintenance, since maintenance is not part of the CIP and many of the funding sources used for capital projects cannot be used for maintenance.

- ✚ CIP projects provide tangible, long-term improvements, such as constructing a new or expanding an existing library, replacing aging water pipes, or installing a new roof.
- ✚ Maintenance includes ongoing upkeep and repairs, such as patching a roof or painting a building.

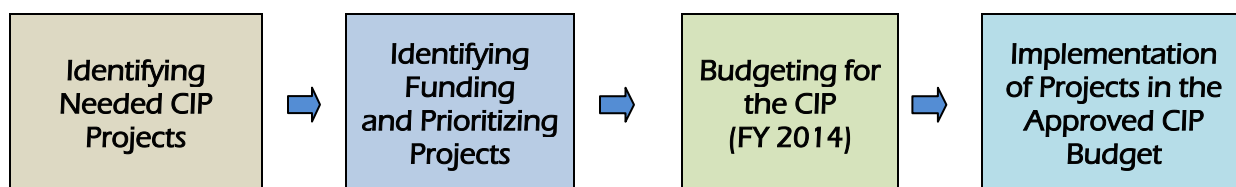
portfolio of all of the City's capital improvements projects. Capital improvement projects are construction projects that provide tangible, long-term improvements or additions of a fixed or permanent nature, such as a new or expanded library or replacement of aging water pipes.

Decisions made regarding the CIP are very important, because capital improvements projects are generally large and expensive, and the assets they create will likely be required for decades of public use.

The CIP Process Is Complex and Involves Many Players

The City's CIP process is complex—it involves various players and funding sources and differs across departments and asset types. Although the process is complicated, gaining an understanding of how an infrastructure need becomes a CIP project and ultimately a capital asset is important to enable citizens to effectively become involved and provide thoughtful input.

The process generally includes:



Along with the Mayor and City Council, many City departments and organizations are responsible for various aspects of the CIP process. Note that, with the exception of project implementation which is centralized in the Public Works-Engineering & Capital Projects Department, the overall CIP process is decentralized and the City does not have one leader or department that provides coordination and oversight.

Mayor – Provides policy direction for identifying and prioritizing capital improvements projects and proposes an annual CIP Budget.

City Council – May request CIP projects and make changes to the proposed budget; holds public budget hearings and provides recommendations to the Mayor; approves the CIP budget and provides oversight and monitoring of projects through biannual updates to the Budget and Finance Committee; and works with the Mayor to develop funding options and multi-year funding plans.

Asset-owning Departments and Divisions – Eleven City departments that operate, manage, or maintain capital assets identify, prioritize, and work with the Mayor, City Council, and other departments to find funding for needed CIP projects.

Disability Services – Identifies and advocates for needed CIP projects to ensure that the City complies with the Americans with Disabilities Act and other applicable laws so that City facilities are fully accessible to people with disabilities.

Financial Management (FM) Department – Reviews project funding requests, confirms availability of funds, and develops the CIP budget.

Public Works-Engineering & Capital Projects (E&CP) Department – Implements and manages approved projects in the CIP Budget. This includes project initiation, planning, design, construction bid & award, construction, and post-construction.

Development Services Department – Updates General, Community, and Public Facilities Financing Plans (which include needed infrastructure); identifies available funding from developer fees; and issues building permits.

Comptroller's Office – Ensures that funds are available prior to contract expenditures and capitalizes assets when projects are complete.

Asset-owning Departments and Divisions

Airports
Environmental Services
Fire-Rescue
Library
Park & Recreation
Police
Public Utilities
Public Works-General Services
QUALCOMM Stadium
Real Estate Assets
Transportation & Storm Water

CIPRAC Membership

Assistant Chief Operating Officer (Chair)

Senior Level Officials from:

-  Asset-owning Departments/Divisions
-  Disability Services
-  Financial Management
-  Public Works-Engineering & Capital Projects
-  Development Services
-  Comptroller's Office
-  Equal Opportunity Contracting

Equal Opportunity Contracting – Manages City's Small and Local Business Enterprise Program.

The Mayor's CIP Review and Advisory Committee (CIPRAC) – Reviews proposed projects from a Citywide perspective and forwards budget recommendations for the Mayor's approval. CIPRAC includes senior-level officials from City departments that have responsibility for the CIP.

Identifying Needed CIP Projects

The process for identifying needed capital improvements projects is decentralized in the 11 asset-owning City departments and divisions. Each department has its own way of identifying needed projects which largely depends on available resources.

How do department staff identify needed CIP projects?





Department staff generally identify needed CIP projects based on one or more of the following:

- Policy and direction from the Mayor and City Council.
- Legal requirements or mandates.
- Long- and mid-range plans.
- Unfunded needs lists.
- Condition assessments and asset management systems.
- Staff assessments based on repair and maintenance records, observations, and experience.
- City Council priorities and requests.
- Public input through Council Members, planning or advisory committees, and/or budget hearings.

Policy and Direction from the Mayor and City Council – This is provided informally to staff by the Mayor as well as through formal policies, reports, and plans adopted by the City Council.



Legal Requirements or Mandates – Some CIP projects must be done to comply with laws and regulations, such as the Clean Water Act, or may be mandated in legal agreements. For example, the the City is currently operating under a Consent Decree that provides requirements and a schedule for replacing, rehabilitating, and cleaning sewer pipes, among other things.

Long- and Mid-range Plans – Various City plans include infrastructure needs and goals and guide staff in identifying needed projects, as shown on the next pages.

-  General Plan
-  Community and Financing Plans
-  Departmental Plans
-  Other Citywide, regional, and asset-specific plans

IMPORTANT FACTS: PROJECTS REQUIRED TO COMPLY WITH LAWS OR MANDATES

Much of the funding in the FY 2013 CIP Budget is being spent on projects required to comply with laws or mandates. For example:

-  62% of sewer funds are for projects needed to comply with a Consent Decree with the U.S. Environmental Protection Agency, and
-  66% of water funds are for projects needed to comply with a California Department of Public Health Compliance Order.

Infrastructure Planning in the City of San Diego

General Plan

The General Plan provides a long-term vision and comprehensive policy framework for how the City should grow and develop, provide public services, and maintain the qualities that define the City of San Diego. The General Plan does not change land use designations or zoning on individual properties, but provides policy direction for future Community Plan updates, discretionary project review, and implementation programs.

The Plan includes an introductory Strategic Framework section and the following elements: Land Use and Community Planning; Mobility; Economic Prosperity; Public Facilities, Services and Safety; Urban Design; Recreation; Historic Preservation; Conservation; and Noise. The Housing Element is provided under separate cover, due to the need for more frequent updates in accordance with state law.

<http://www.sandiego.gov/planning/genplan/>

Community Plans and Public Facilities Financing Plans

Community Plans are components of the City's General Plan. They provide land use designations, assign density ranges, and contain detailed policies and guidelines at the community level. The City has 46 Community Plans.

<http://www.sandiego.gov/planning/community/profiles/index.shtml>

Community Plans also identify public facilities that are needed to serve the community and which are required to implement the General Plan. These facilities are included in the community's Public Facilities Financing Plan which identifies priorities as well as existing and potential funding sources.

<http://www.sandiego.gov/planning/facilitiesfinancing/>

To fund capital improvements projects, Public Facilities Financing Plans generally rely on either **Development Impact Fees (DIF)** or **Facilities Benefits Assessments (FBA)**, which are fees assessed on developers to mitigate the impact of new development.

Development Impact Fee (DIF) – Communities that are at or near build out collect impact fees on infill or revitalization efforts. DIF generally provides less than 10% of the funding needed for identified public facilities. DIF is collected upon building permit issuance and can be used to fund community Police, Fire, Library, Park & Recreation, and Transportation facilities.

Facilities Benefit Assessment (FBA) – Communities that are relatively early in their planned development have an FBA that provides up to 100% of funds for public facilities projects identified in the community's Public Facilities Financing Plan. At the time of building permit issuance, the owner of the parcel being developed is assessed a fee that is determined by the type and size of the development and based on the FBA Fee Schedule.

IMPORTANT FACTS: DIF AND FBA

- ✚ Both DIFs and FBAs are collected, placed in an interest-bearing revenue account, and used within the community solely for administrative costs and those capital improvements identified in the applicable Community and Public Facilities Financing Plans. Neither DIFs nor FBAs can be used for repairs, maintenance, or operation of facilities.
- ✚ Communities that have FBAs also have a DIF equal to the FBA to mitigate the impact of additional development on properties that have either already paid FBAs and/or that have never been assessed.
- ✚ Communities transition from FBA to DIF upon collection of all FBA revenue and subsequent expenditure of all funds within the interest-bearing FBA account.

Infrastructure Planning in the City of San Diego

Departmental Plans

Depending on available resources, some asset-owning departments have multi-year plans for needed projects. For example, Public Utilities relies on water and sewer enterprise funds and has developed long-term plans for capital improvements to the City's water and sewer systems.

Departments that do not have resources to develop multi-year capital improvement plans, such as Park & Recreation, generally maintain lists of unfunded needs so they can be addressed as funding becomes available, such as bond funding.

Other Plans

The City has other plans, such as the Regional Transportation Improvement Plan and Bicycle Master Plan, which identify needed capital improvements projects for specific assets. In addition, the City's Five-Year Deferred Capital Funding Plan outlines a mix of cash and bond financing to address specific deferred CIP projects for streets, facilities, and storm drains.

IMPORTANT FACTS: DEFERRED CAPITAL

Deferred Capital is needed capital improvements, refurbishment, or expansion to existing facilities that have been put off, generally due to limited available funding. Based on condition assessments, the City has estimated that it has \$898 million in deferred capital projects for streets, facilities, and storm drains.

\$478 million	Streets
185 million	Facilities
<u>235 million</u>	<u>Storm Drains</u>
\$898 million Total Backlog	

To address this backlog, the City issued the second of a series of six planned deferred capital bonds and the City Council approved a Five-Year Deferred Capital Funding Plan in March 2012. For more information on Deferred Capital, see [IBA Report 12-13](#).

Condition Assessments and Asset Management Systems – Some Departments have conducted physical assessments of the condition of their assets and use this information to identify and prioritize needed projects. For example, the Transportation & Storm Water Department uses its Pavement Management System which stores current and historical information on the overall condition of streets, to find the most cost-effective plan for street resurfacing. Given budgetary constraints, the system identifies which streets should be resurfaced and the type of treatment they should get.

Departments that do not have resources or are responsible for assets that are difficult to physically assess, such as underground water pipes, may rely on staff assessments of needs based on repair and maintenance records, observations, and experience.

City Council Requests and Priorities – Council Members can make requests for specific projects throughout the year. Implementation of these projects generally depends on available funding and existing priorities. In addition, the criteria for determining Council

priorities are formally established in the [Council Member Budget Priority Memoranda](#) issued by the IBA and communicated to department staff during Council and Committee meetings.

Public Input – Citizens can provide input on needed CIP projects through various avenues, including:

- ✚ Contacting your City Council Member www.sandiego.gov/citycouncil;
- ✚ Providing public comment during City Council budget hearings;
- ✚ Contacting staff from the applicable asset-owning department shown in the table below; and/or
- ✚ Attending meetings or contacting representatives from community planning or recreation committees and other groups
www.sandiego.gov/planning/involved/how.shtml.

New in FY 2014 – Engineering & Capital Projects (E&CP) staff are working with the Community Planners Committee (CPC) to facilitate public input on ongoing and needed capital projects. This initiative is discussed in more detail in the “Budgeting for the CIP” section of this Guide on pages 18-19.

As part of this process, departmental lists of unfunded needs and condition assessments lists are available to the public:

www.sandiego.gov/planning/community/cpc/resources.shtml

Capital Infrastructure Assets	Responsible Department or Division	Website	Contacts	
			For capital needs	For ongoing CIP projects
Brown & Montgomery Fields	Airports Division	www.sandiego.gov/airports	Brown: 619-424-0455 Montgomery: 858-573-1440	619- 533-4207 engineering@sandiego.gov
Fire and lifeguard stations and related facilities	Fire-Rescue Department	www.sandiego.gov/fire	Maurice Luque, Program Manager 619-533-4418; MLuque@sandiego.gov	
Central Library and 35 branch libraries	Library Department	www.sandiego.gov/public-library	Marion Hubbard, Senior PIO 619-236-5848; MHubbard@sandiego.gov	
Golf courses, parks, playgrounds, recreation centers, and swimming pools	Park & Recreation Department	www.sandiego.gov/park-and-recreation	Jim Winter, Project Officer II 619-235-5257; JWinter@sandiego.gov	
Police stations, firing ranges, and related facilities	Police Department	www.sandiego.gov/police	Lieutenant Andra Brown 619-531-2675; ABrown@pd.sandiego.gov Detective Gary Hassen 619-531-2900; GHassen@pd.sandiego.gov	
Water and sewer pipelines, pump stations, treatment centers, reservoirs and related facilities	Public Utilities Department	www.sandiego.gov/publicutilities	Arian Collins, Supervising PIO 619-527-3121; ACollins@sandiego.gov Kurt Kidman, Customer Support, Supervising PIO 619-533-4185; KKidman@sandiego.gov Eric Symons, Long-Range Planning & Water Resources, Supervising PIO 858-614-5795; ESymons@sandiego.gov	
Upgrades and capital repairs to City facilities, such as HVAC replacement and roof repairs	Public Works-General Services Department	www.sandiego.gov/generalservices	Racquel Vasquez, Senior PIO 619-533-3196; RVasquez@sandiego.gov Pierrette Storey, Senior PIO 619-533-3781; PStorey@sandiego.gov	
Upgrades and capital repairs to QUALCOMM Stadium	QUALCOMM Stadium	www.sandiego.gov/qualcomm	Stadium Contact: 619-641-3100 stadium@sandiego.gov	
City-owned real estate such as the City Concourse & Parkade	Real Estate Assets Department	www.sandiego.gov/real-estate-assets	Division Contact: 619-236-6020	
Bikeways, Streets, Sidewalks, Street Lights, Traffic Signals; and storm drains, pipes, and outfalls	Transportation & Storm Water Department	Transportation: www.sandiego.gov/planning/programs/transportation Storm Water: www.sandiego.gov/stormwater	Bill Harris, Supervising PIO 858-541-5354; BillHarris@sandiego.gov	Jose Ysea, PIO 858- 573-1291 JYsea@sandiego.gov
Landfills (Active & Inactive); Energy Efficient Programs for City Facilities	Environmental Services Department	www.sandiego.gov/environmental-services	Dennis Williams, PIO 858-573-1241; WilliamsDL@sandiego.gov Jose Ysea, PIO 858-573-1291; JYsea@sandiego.gov	

Finding Funding and Prioritizing Projects

Once needed projects are identified, asset-owning department staff work with the Mayor, City Council, and appropriate City Departments, such as Financial Management (FM) and Debt Management, to identify funding. However, they must do so within two major constraints. First, the City's infrastructure needs greatly exceed available resources as evidenced by the backlog of \$898 million for deferred capital projects for streets, facilities, and storm drains. As a result, there are competing priorities for limited funds.

Second, in part due to competing priorities in the Operating Budget, the CIP does not rely on the General Fund. Instead, capital improvements projects are primarily funded from various sources that often have specific restrictions on how they can be spent:

Types of projects – Many funding sources must be spent on a specific project or asset type. For example, enterprise funds—including the airports, golf course, and water and sewer funds— can only be spent on projects to improve or maintain the condition of the assets for which the fees were collected.

The **General Fund**, which includes tax revenues, is the primary source of funding for the City's core community services, such as Police, Fire, Park & Recreation, and Libraries. The Mayor, City Council, and department staff develop the Operating Budget and make decisions on how to use the limited revenues which are largely dedicated to fund day-to-day operations.

Geographic location – Development Impact Fees (DIF), Facilities Benefits Assessments (FBA), and Park Service District funds generally must be used within the specific community or district where they were collected.

Contracts – Often funding sources have restrictions written into the contracts. For example, projects that are even partially funded by federal and state grants are required to use prevailing wages for the entire project, which increases the overall cost.

As a result of these restrictions, there is relatively little discretionary funding available and some asset types or departments have significantly more funds than others. For example, Public Utilities has about \$151.7 million or 78% of the total FY 2013 CIP Budget. These funds are supported by water and sewer rates and can only be used for capital improvements to the City's water and sewer systems. In contrast, Park & Recreation has about \$9.8 million or 5 % of the total FY 2013 CIP Budget. Park & Recreation generally relies on funding sources such as DIF and Park Service District funds which generally must be used within a specific geographic location.

Funding Source	Description and Restrictions	CIP Projects		FY 2013 Budget <i>Millions</i>	Percent of Total Budget
		Ongoing	New		
Airports Fund	The Airports Fund is an enterprise fund that includes revenue from the operations of the Montgomery and Brown Field Airports and can only be used for capital projects that improve and/or maintain the condition of these airports.	3	0	\$ 2.4	1.1
Developer Funding	Developer funding includes contributions from developers to support CIP projects to satisfy conditions placed on development and are usually restricted to certain projects or project types within specific areas.	2	3	\$ 1.8	0.8
Development Impact Fees (DIF)	DIF includes fees assessed on developers to mitigate the impacts of development on a community and must be used in the same community that they were assessed to expand existing or build new City facilities that support the increased population.	12	5	\$9.3	4.3
Energy Conservation Program Fund	Energy Conservation Program Fund is an internal fund that includes funding from City departments, grants, and rebates. This fund must be used to support energy costs at City facilities and to implement conservation programs.	1	0	\$1.8	0.8
General Fund	The General Fund is the primary funding source for basic City services that includes revenue from various taxes. Generally, this fund is used for urgent capital projects that do not have any other available funding sources since it does not have significant restrictions on how it used.	8	0	\$11.5	5.4
Golf Course Enterprise Funds	Golf Course Enterprise Funds include revenue from the three City-owned and operated golf courses. Use is restricted to capital projects that improve and/or maintain the condition of these courses.	2	0	\$ 1.0	0.5
Maintenance Assessment Districts	Property owners in Maintenance Assessment Districts pay fees to be used for capital improvements, maintenance, services and activities within their specific district/community.	7	0	\$ 0.6	0.3
Mission Bay Improvements Fund	The Mission Bay Improvements Fund includes revenue from Mission Bay rents and concessions and may only be spent for capital improvements within Mission Bay Park.	1	0	\$ 0.5	0.2
OneSD Funding	OneSD Funding includes revenue from other City departments. Funding is used to manage and maintain the City's Enterprise Resource Planning system.	0	1	\$ 1.1	0.5
Park Service District Funds	Park Service District Funds must be used for capital park improvements within the specific districts, but all remaining funds are being exhausted in FY 2013 since these Funds have been replaced by DIF and Facilities Benefits Assessments.	17	3	\$ 0.4	0.2

Funding Source	Description and Restrictions	CIP Projects		FY 2013 Budget <i>Millions</i>	Percent of Total Budget
		Ongoing	New		
Refuse Disposal Fund	The Refuse Disposal Fund is an enterprise fund that includes revenues from the operation of the City's active landfill (Miramar). Funding is restricted to operation and maintenance of the active and inactive landfills and for capital projects needed to ensure regulatory compliance.	5	0	\$ 2.8	1.3
Regional Park Improvements Fund	The Regional Park Improvements Fund includes revenues from Mission Bay rents and concessions and may only be used for capital improvements to regional parks.	1	0	\$ 2.5	1.2
Sewer Funds	The Metropolitan and Municipal Sewer Funds include revenue from sewer rates, bond financing, state revolving fund loans, and grants and must be used for capital projects to improve the sewer system and comply with a Consent Decree and the Clean Water Act.	17	0	\$70.7	32.9
TransNet	The TransNet Fund includes revenue from the City's share of a one-half cent local sales tax that can only be used for projects in the City's right-of-way which include roadway improvements, bicycle facilities, bridges, pedestrian facilities and traffic signals. 70% must be used for capital projects and 30% may be used for maintenance.	32	0	\$17.6	8.2
Water Fund	The Water Fund is an enterprise fund that includes revenue from water rates, bond financing, state revolving fund loans, and grants and must be used for capital improvements to the City's water system and to meet State and federal requirements for water quality.	26	4	\$90.9	42.3
Total		134	16	\$214.9	100.0

Source: IBA analysis of the FY 2013 Adopted Budget.

IMPORTANT FACTS: CIP FUNDING

- ✚ Given limited available funding, the majority of the CIP budget has funded ongoing projects and only a small portion has been used to begin new standalone projects. For example, the FY 2013 CIP Budget includes 134 ongoing projects and only 16 new standalone projects. Project numbers for standalone projects begin with the letter “S” in the budget.
- ✚ The CIP Budget also includes annual allocations which are essentially pots of monies that may be used to fund ongoing maintenance and repair projects throughout the fiscal year. These are typically smaller projects that are expected to last for less than one year. The FM Director and City Comptroller set caps for these projects at \$8 million for enterprise-funded projects and \$2 million for other projects. Project numbers for annual allocations begin with the letter “A” in the budget.
- ✚ The City uses “phased funding” for CIP projects which is a good cash management practice. For example, a project will be started when it has sufficient funds to complete planning and design. The remaining funds needed for project completion are shown in the budget as “unidentified funding.” It is anticipated that funding to complete the construction of the project will be identified when it is needed in a future fiscal year. In some cases, funding cannot be identified when needed which can cause projects to be put on hold. The projects are generally shown in the CIP budget as “unfunded or underfunded.”
- ✚ Although about \$11.5 million of General Fund money was used to fund CIP projects in FY 2013, this was due to the unexpected surplus in FY 2012 and the amount of General Fund money available in future years may be much less.
- ✚ Even though the General Fund is generally not used to fund CIP projects, new or expanded infrastructure will frequently increase operations and maintenance costs for the asset-owning department. For this reason, department staff are required to include the estimated impact to the General Fund for each proposed CIP project.

Other Funding Sources


In addition to the funding sources used in FY 2013, the City has used or could potentially use several other sources to fund capital improvements projects. Most of these have restrictions on how they can be spent.

Federal and State Grants – The federal and state governments provide grant funds for capital improvements projects. For example, the U.S. Department of Housing and Urban Development provides funds each year through the Community Development Block Grant Program to benefit low and moderate income citizens through improvements to local communities. These funds have certain restrictions on how they can be spent, for example, funds cannot be used for project planning and design or project delivery costs. Because of these restrictions Community Development Block Grant funds need to be used in conjunction with other funds, like DIF. The City received \$13.6 million of Community Development Block Grant funding in FY 2012 for economic development and CIP projects.

Capital Outlay Fund – The capital outlay fund includes proceeds from the City’s land sales. The current Mayor has generally dedicated these funds for Americans with Disabilities Act (ADA) projects. For example, about \$2 million of capital outlay funds are being paired with funds from the second deferred capital bond to fund ADA projects.

Facilities Benefit Assessments (FBA) – For communities that are relatively early in planned development, developers are assessed fees to mitigate the impact of development. FBA provides up to 100% of funds for public facilities projects identified in the community’s Public Facilities Financing Plan. Available revenue from FBAs is projected based on anticipated development, among other things. Given the economic downturn over previous years, FBA revenue has been less than anticipated which has resulted in a delay in funding projects in communities’ Public Facilities Financing Plans. The available FBA revenue is prioritized based on the project schedule in the financing plan.

Municipal Bonds – Bonds are issued by state and local governments to finance funds for public works projects. Bonds proceeds may be used to construct or expand capital infrastructure, but cannot be used for operations or maintenance purposes. There are two types of municipal bonds typically used to finance public infrastructure—revenue bonds and general obligation (GO) bonds. The difference between the two is the source of repayment of the debt financing (which includes principal and interest).


 **Revenue Bonds** – A revenue bond guarantees repayment solely from revenue generated by a specified entity associated with the purpose of the bonds, rather than from a tax increase. Revenue bonds may carry a slightly higher interest rate, because the revenue source is perceived to be slightly less secure than that of GO bonds, which are considered the most secure type of municipal bonds.

- The City issued two of six planned lease revenue bonds for deferred capital which are backed by the General Fund. The first bond issuance was for \$103 million in March 2009 and the second was for \$75 million in June 2012.
- Revenue bonds are typically issued for a term of 20 to 30 years. Since debt service payments are made from the General Fund, each time the City issues this type of bond, it adds a long-term obligation to the already overly burdened General Fund.

IMPORTANT FACTS: GO BONDS

The City of San Diego and many other California cities have a two-thirds voter-approval requirement to finance projects through GO bonds. Some cities only have a majority voter-approval requirement.

Cities like San Francisco, San Antonio, and Phoenix have successful GO bond programs to finance capital improvements to streets, parks, public buildings, and other types of infrastructure. In these cities, Citizens’ GO Bond Oversight Committees have been used to develop community priorities and provide independent oversight of bond fund spending.

 **General Obligation (GO) Bonds** –GO bonds are backed by the full faith and credit of the issuing municipality, including the ability to raise taxes to make debt financing payments. GO bonds require two-thirds voter approval and are typically the least expensive type of debt available to municipalities. Lower rates will significantly reduce the final costs of capital improvements projects as the bonds are paid off over a 20 to 30 year period.

Project Prioritization and CIPRAC

Because the City's infrastructure needs exceed available funding, department staff must prioritize capital improvements projects. Asset owning department staff provide a ranking for each project based on [Council Policy 800-14](#) which includes guidelines and two sets of weighted factors—one for transportation projects and one for non-transportation projects. Based on lessons learned from the application of these ranking factors and recommendations from the Office of the City Auditor reports on the CIP, City staff are planning to propose revisions to these ranking factors during FY 2013.

Priority Ranking Factors (Council Policy 800-14)

Transportation		Non-transportation	
Health & Safety	25%	Health & Safety Effects	25%
Capacity & Service (Mobility)	20%	Regulatory or Mandated Requirements	25%
Project Cost & Grant Funding Opportunity	20%	Implications of Deferring the Project	15%
Revitalization, Community Support, & Community Plan Compliance	15%	Annual Recurring Cost or Increased Longevity of Asset	10%
Multiple Category Benefit	10%	Community Investment	10%
Annual Recurring Cost or Increased Longevity of Asset	5%	Implementation	5%
Project Readiness	5%	Project Cost & Grant Funding Opportunity	5%
		Project Readiness	5%

Given the funding constraints discussed above, CIP projects typically do not compete across different project categories, funding sources, or project phases. CIPRAC reviews projects and their ranking scores that were submitted by asset-owning departments during the budget process. In rare cases when there is available discretionary funding or projects' ranking scores are tied, CIPRAC assesses the needed projects and proposes which project(s) should receive the funding to the Mayor. CIPRAC makes an effort to assign funds to projects that will make the project whole, for example to enable a partially funded project to be completed, and spend the funds more quickly.

Budgeting for the CIP

Budget Overview

A budget represents an organization's forecast of the revenues it will receive and expenditures it will incur in the upcoming year. Similar to many large cities, the City of San Diego's Budget includes an Operating Budget and a CIP Budget. The Operating Budget provides an outline of how the monies coming into the City will be spent to operate and maintain City functions and services, including public safety and parks and recreation. In contrast, the CIP Budget allocates available revenue for capital projects to rehabilitate, improve, or build new public infrastructure, such as streets, libraries, parks, and water pipes.



Cities separate the CIP Budget because capital infrastructure projects are generally large and expensive, take multiple years to complete, and require special financing sources outside the City's General Fund.

CIP Budget Process and Calendar

The annual CIP budget is the City's mechanism for getting projects approved and implemented. The City's budget takes many months and follows the guidelines and timeline established by the City Charter and [City Council Budget Policy 000-02](#). Although developed in conjunction with the Operating Budget, the CIP budget process generally begins earlier than that of the Operating Budget. In previous years, the CIP budget process was initiated in October with:

- 🗨️ The Public Works-Engineering & Capital Projects (E&CP) Department reviewing the status of ongoing CIP projects, and
- 🗨️ Asset-owning departments identifying and prioritizing their capital needs.

Because the City of San Diego has a strong mayor form of government, the budget is proposed by the Mayor with input from the City Council and public.

New Opportunity for Public Input in FY 2014 – E&CP staff are working with the Community Planners Committee (CPC) to facilitate public input on ongoing and needed capital projects for the FY 2014 CIP Budget. Each of the 42 Community Planning Groups has the opportunity to identify and prioritize community needs. City staff provided training for Community Planning Group leaders and interested representatives in September 2012 to provide an education on the CIP and budget process and establish realistic expectation of available funding for projects. During the training, E&CP staff also

distributed lists of existing projects including project information, such as the amount of funding needed for completion, for each community planning area. Additionally, staff have posted departmental lists of unfunded needs and condition assessments on CPC's website: <http://www.sandiego.gov/planning/community/cpc/resources.shtml>

Interested citizens can review this information, discuss and establish priorities within their Community Planning Groups, and provide this to the CPC in November. The CPC will subsequently compile this information and submit it to E&CP staff.

The calendar below includes key dates and steps in the CIP budget process for FY 2014.

IMPORTANT FACTS: PUBLIC INPUT FOR THE FY 2014 CIP BUDGET





- ✚ The planned timetable for FY 2014 is much more compressed than it will be in future years. This is due to process improvements that were started in late July.
- ✚ This first round of input will likely serve as a learning process to be improved in future years.
- ✚ Understanding the CIP process is important so that citizens can effectively provide input on ongoing projects and capital needs; establish realistic expectations for CIP funding constraints, restrictions, and competing priorities; and help the City continue to improve the capital program and processes.

CIP Budget Calendar (FY 2014)	
August-September	<i>New in FY 2014</i> – Education and outreach to the public via the CPC.
October - November	<i>New in FY 2014</i> – Community Planning Groups develop requests for CIP projects and submit to CPC by November 7 th . CPC compiles and submits to City staff by November 21 st .
October - January	<i>New in FY 2014</i> – Task force of staff from asset-owning departments and E&CP assess projects requested by public. Asset-owning departments submit proposed projects and requested funding to Financial Management (FM). FM confirms availability of requested funds. CIPRAC reviews proposed projects and funding requests, may make adjustments, and submits for Mayor's approval.
January - March	FM works with asset-owning departments and prepares the Proposed Budget.
April 15	Mayor releases Proposed Budget to the Public.
May	City Council holds public budget hearings, including separate CIP hearing . Council may recommend changes to Proposed Budget. Mayor's May Revision to Proposed Budget released.
June	City Council reviews final modifications and approves budget.
July 1	New Fiscal Year begins.

The CIP Budget Document

The CIP Budget is a “rolling” CIP which means that it includes five years of funding for: (1) projects started in previous years that are ongoing, and (2) new projects starting in the current fiscal year. Currently, the CIP Budget does not include the City’s unfunded needs or new projects starting in later fiscal years.

The table below shows funds included in the FY 2013 CIP Budget by department or division.

-  **“Prior Years”** includes a total of about \$3 billion of funding for ongoing CIP projects that was approved by the City Council in prior-year CIP budgets. This amount includes both funding that has been expended or designated for a specific purpose (encumbered) and carryover funding (continuing appropriations).
-  **“FY 2013 Adopted Budget”** includes a total of about \$215 million of funds for new and ongoing projects that were approved by the City Council in May 2012.
-  **“Future Years”** includes about \$3.5 billion in estimated funding that will be needed over the next four years (FY 2014-2017) for both ongoing projects and new projects approved in FY 2013. This funding is anticipated to be approved by the City Council in applicable future year budgets.
-  The **“Total”** of about \$6.7 billion represents the City’s past, present, and future commitment for implementing 134 ongoing and 16 new CIP projects.

Millions of Dollars

Department or Division	Prior Years	FY 2013 Adopted Budget	Future Years	Total
Airports	\$ 13.7	\$ 2.4	\$ 15.8	\$ 31,949.7
Department of Information Technology	39.0	1.1	-	40,125.0
Environmental Services	94.5	4.6	11.1	110.1
Fire-Rescue	40.0	1.0	85.2	126.2
Library	209.7	-	126.7	336.4
Office of the Chief Operating Officer	1.0	-	-	1.0
Park & Recreation	230.5	10.7	416.9	658.1
Police	3.3	-	2.2	5.5
Public Utilities	1,264.2	161.6	1,237.9	2,663.8
Public Works-General Services	60.8	3.6	149.8	214.2
QUALCOMM Stadium	1.5	-	3.8	5.3
Real Estate Assets	0.6	-	-	0.6
Special Promotions	1.7	-	-	1.7
Transportation & Storm Water	1,001.4	30.0	1,464.9	2,496.3
Total	\$ 2,961.9	\$ 214.9	\$3,514.2	\$6,691.1

Implementation of CIP Projects

Project implementation includes management and oversight of projects from initiation through project completion. For efficiency purposes, the implementation and management of CIP projects is centralized in the Public Works-Engineering & Capital Projects (E&CP) Department. E&CP manages about 90% of the 150 ongoing and new projects, many of which are large, expensive, and take multiple years to complete. The remaining 10% generally have specialized needs and are managed by the asset-owning departments, such the Environmental Services Department.

Following approval of the budget, project implementation will continue or move to the next phase for ongoing projects and new projects will be initiated. The project implementation phases generally depend on the contracting method being used. The City uses the “Design-Bid-Build” method for the majority of CIP projects. This method generally entails either designing the project in house or hiring a consultant for design and then going through the bid and award process for the construction contract. The implementation phases for this method are shown on the following page.

The City also uses other contracting methods when appropriate, such as Design-Build—where the design and construction are included in one contract; emergency contracting; and sole source contracting.

IMPORTANT FACTS: PROJECT IMPLEMENTATION

- ✚ CIP projects are generally large and expensive and take multiple years to complete.
- ✚ E&CP is generally not involved in identifying capital needs or funding—this is primarily the responsibility of asset-owning departments, like Transportation & Storm Water or Park & Recreation, in concert with the Mayor, City Council, and other City departments. E&CP’s role is to implement projects once they have been approved in the CIP Budget.
- ✚ Original estimated costs of CIP projects are revised by E&CP during the Design when the project scope is refined and more detailed information is known on environmental and historical impacts and other issues.
- ✚ E&CP launched a CIP website in May 2012 that provides information on ongoing CIP projects via an interactive map. <http://www.sandiego.gov/cip/index.shtml>
The website also provides information on the award of and contracts for CIP projects. Some of the bugs are still being worked out, and E&CP staff are welcoming suggestions for what to include on the website to enhance transparency for the public. Contact: 619- 533-4207 or engineering@sandiego.gov.

Project Initiation

Asset-owning departments determine preliminary scope of project, confirm funds, and submit to E&CP.



Planning/Pre-Design

E&CP develops the preliminary scope of work and cost and schedule estimates; conducts needed research, surveys, and preliminary reviews; refines the priority score of project; and confirms funds.



Design

E&CP conducts design studies, investigations, and calculations; develops final construction plans, specifications, and engineer's estimates and related construction costs; conducts community outreach and notification; performs constructability review and related studies; acquires needed land or easement.



Construction Bid & Award

E&CP determines contract specifications, advertises projects for construction bids, conducts technical evaluation committee, and selects most responsive and responsible bidder.



Construction

E&CP oversees construction of project; performs quality assurance and control; tests construction materials; and manages project scope, cost, and schedule. Asset-owning department attends final walk-through.



Post-Construction

E&CP conducts warranty inspections; files project plans and drawings with the City Maps and Records Section; and provides long-term monitoring and reporting of environmental mitigation. The Comptroller's Office capitalizes the asset.

Recent Improvements to Project Implementation

The City has taken steps to streamline the project implementation process and improve transparency of CIP projects for the City Council and the public.

Restructuring of Public Works Contracting – In the summer of 2012, Public Works Contracting was restructured from the Purchasing & Contracting Department to the Public Works Department to streamline the contracting process and reduce the time it takes to complete projects. Public Works convened a workshop with stakeholders to flowchart the contracting process, identify ways to reduce duplication, and obtain commitment on turnaround time from offices involved, such as the City Attorney's Office and Equal Opportunity Commission. Public Works also established goals for reducing bid and award time and began tracking progress. As a result, the time for contract bid and award has been reduced from 6-8 months to 2-3 months.

CIP Streamlining and Transparency – E&CP led an initiative to expedite the process of authorizing contracts and allocating resources and increase transparency of the CIP. The initiative, approved by the City Council in the spring of 2012, resulted in changes to the Municipal Code and development of a new [City Council Transparency Policy \(000-31\)](#). The following measures are included:

- ✚ City Council approval thresholds are increased for various types of contracts and agreements.
- ✚ Projects approved in the CIP budget not required to go back to Council to approve award of a consultant or construction contract, unless specifically requested by Council.
- ✚ Public Works is authorized to use Multiple Award Construction Contracts (MACC) for implementation of certain CIP projects (design and construction services for water, sewer, and storm drain pipeline projects). MACCs are contracts awarded as a result of a single solicitation that results in the award of task orders to multiple contractors.
- ✚ Beginning with the FY 2013 budget, the City Council dedicates a lengthy budget hearing specifically to the CIP.
- ✚ Savings from completed CIP projects are authorized to be transferred to projects on the "cascade" list of priority projects needing funds in the approved budget.
- ✚ E&CP will report on the status of the CIP to the City Council biannually and are available to present to Committees or the full Council upon request.
- ✚ E&CP will maintain a CIP Website with project information, including contract award information that will be updated quarterly.
<http://www.sandiego.gov/cip/index.shtml>

Accountability and Oversight

City Council

Although the City Council does not have a specific CIP committee, seven Council committees are in place which helps Council Members analyze legislative matters in a focused and efficient manner.

1. [Rules, Open Government and Intergovernmental Relations Committee](#)
2. [Natural Resources and Culture Committee](#)
3. [Public Safety and Neighborhood Services Committee](#)
4. [Land Use and Housing Committee](#)
5. [Budget and Finance Committee](#)
6. [Audit Committee](#)
7. [Economic Development and Strategies Committee](#)

Two of these committees are responsible for overseeing legislative decisions that specifically address the City's financial operations. The Budget and Finance Committee oversees (1) issues that directly impact both the operating and capital budgets and (2) the annual budget development process including the public budget hearings held each May. During budget hearings, City Council Members may request that specific projects be brought back to Council prior to awarding the contract. The Audit Committee provides independent legislative oversight of the City's accounting and financial processes.

The other five committees will review capital projects when applicable. For example, capital projects related to water and sewer improvements are discussed by the Natural Resources and Culture Committee.

As part of CIP streamlining measures adopted by the City Council in March 2012, Public Works-Engineering and Capital Projects (E&CP) will report to the City Council on the status of the CIP biannually and are available to present to Committees or the full Council upon request.

CIP Website

Also as part of CIP streamlining measures, the E&CP must maintain a website which will be updated quarterly to provide transparency over the CIP.

<http://www.sandiego.gov/cip/index.shtml>

Financial Management Department

The Financial Management (FM) Department provides services to the Mayor and serves as an

Mark Leonard
Director, Financial Management

[202 C Street](#), 8th Floor
San Diego, CA 92101
Phone: (619) 236-6060
Fax: (619) 533-3215

Email: financial_management@sandiego.gov

internal financial consultant to other City Departments. FM prepares the proposed and adopted operating and CIP budgets in accordance with the City Charter. During the fiscal year, FM monitors the City's expenses and revenues receipts, oversees budget transfers and adjustments, and reviews requests for City Council and Mayoral actions for both the operating and CIP budgets. FM also develops the City's Five-Year Financial Outlook.

Office of the City Comptroller

The Office of the City Comptroller is responsible for providing oversight of City fiscal management through the City Comprehensive Annual Financial Report. In addition the Comptroller's Office ensures that funds are available for capital projects prior to contract expenditures and capitalizes assets when projects are complete.

Ken Whitfield
City Comptroller

202 C Street, MS-6A
San Diego, CA 92101

Email: comptroller@sandiego.gov

Office of the City Auditor

The City Auditor conducts performance audits, financial audits, and special investigations to promote accountability and improve efficiency and effectiveness. The Office of the City Auditor conducted two recent performance audits relating to the CIP:

Eduardo Luna
City Auditor

1010 Second Ave, 14th Floor
San Diego, CA 92101
Phone: (619) 533-3165
Fax: (619) 533-3036

E-mail: cityauditor@sandiego.gov

Fraud Hotline: (866) 809-3500

 http://www.sandiego.gov/auditor/reports/fy11_pdf/audit/11-27.pdf

 http://www.sandiego.gov/auditor/reports/fy12_pdf/audit/12-001.pdf

Office of the Independent Budget Analyst (IBA)

The IBA objectively and independently provides analysis, reports, and advice on issues that affect the budget. Reports are presented to City Council during budget hearings, Committee meetings, and City Council meetings. Recent reports on deferred capital and CIP streamlining include:

 http://www.sandiego.gov/iba/pdf/12_09.pdf

 http://www.sandiego.gov/iba/pdf/12_09.pdf

 http://www.sandiego.gov/iba/pdf/reports/2012/12_04.pdf

City Attorney's Office

The City Attorney serves the citizens of San Diego as the Chief Legal Advisor and misdemeanor prosecutor. The Advisory Division provides legal advice to City departments.

Andrea Tevlin

Independent Budget Analyst

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Important Resources

Documents

[City of San Diego FY 2013 Approved Budget](#)

On June 11, 2012, the City of San Diego approved the FY 2013 which began on July 1, 2012. The budget document consists of three volumes:

1. Budget Overview & Schedules
2. Department Detail for the City's Operating Budget
3. Capital Improvements Program (CIP) Budget

The FY 2013 budget and past year's budgets can be found on the Financial Management Department's (FM) website at www.sandiego.gov/fm/annual.

[City Council Budget Policy 000-02](#)

This Council Policy establishes guidelines and standards relating to the operating and CIP budgets, budgetary controls, and revenues and expenditures.

[City Council Project Prioritization Policy 800-14](#)

The purpose of this Council Policy is to establish an objective process for ranking CIP projects. Asset-owning departments utilize this policy when ranking their needs lists before submitting them to CIPRAC.

[City Council Transparency Policy 000-31](#)

The CIP Transparency Policy establishes the standard requirements for enhancing CIP transparency and improving access to publicly available information related to the CIP. It also establishes the framework for making the information readily available to interested parties by using a combination of presentations to the City Council, stakeholder meetings, and media including the City's Website.

[City Council Community Planners Committee Policy 600-09](#)

This Policy establishes a citizens' organization responsible in an advisory capacity to the City on those matters related to the General Plan and respective Community Plans. Among other duties, this committee serves in an advisory capacity to the Community Planning Committees to ensure optimal coordination on a comprehensive or citywide basis and promotion of solutions of matters of mutual concern shared among the communities of San Diego.

City Council Community Planning Groups Policy 600-24

This policy identifies responsibilities and to establish minimum operating procedures governing the conduct of planning groups when they operate in their officially recognized capacity.

City Contacts

City Council

The San Diego City Council serves as the Legislative branch of City Government that sets policy direction; enacts, modifies, and reviews legislation; and adopts the Annual Budget. Currently, there are eight council districts within the City of San Diego. A ninth Council district will be added this fiscal year effective December 2012. To see which district your neighborhood falls in, or to find your Council Member's contact information visit www.sandiego.gov/citycouncil.

Mayor's Office

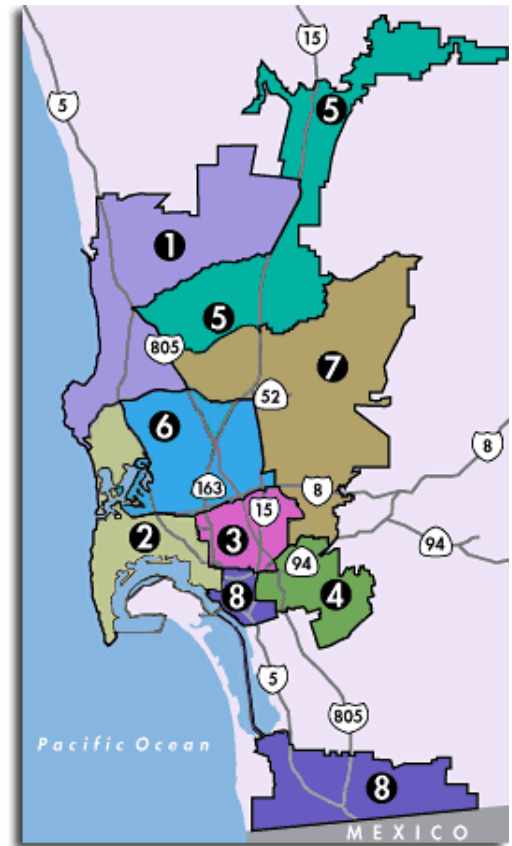
The Mayor serves as the City's Chief Executive Officer, similar to the governor or the president. Through the Chief Operating Officer, the office oversees the City's daily operations and implements programs and initiatives to carry out the City's policy objectives. The Mayor's office is also responsible for proposing the City's Annual Budget by April 15th of each fiscal year, revising as appropriate after input from the public and City Council through the May budget hearings, and then producing the final Adopted Budget that is approved in June. To contact the Office of the Mayor, call 619-236-6330 or go to the office's website at www.sandiego.gov/mayor.

Public Works-Engineering &Capital Projects (E&CP) Public Information Officers (PIOs)

Once a capital project is approved, E&CP is the department that implements, manages, and oversees the project throughout the process. A number of PIOs are utilized to update interested citizens on specific capital projects, and can be contacted via the CIP website's project information hotline: 619-533-4207 or email address: engineering@sandiego.gov.

Office of the Independent Budget Analyst (IBA)

The IBA objectively and independently provides analysis, reports, and advice on issues that affect the budget. Reports are presented to City Council during Council



meetings, budget hearings, and Committee meetings. To see IBA reports, presentations, and other related documents, visit: www.sandiego.gov/iba

Asset-owning Department Contacts

In addition to the PIOs that are assigned to some of the departments to provide information about CIP projects, asset-owning departments may also be contacted by interested parties with questions or project input. See departments' websites and contact information below.

Department or Division	Website	Contact Information
Airports Division	www.sandiego.gov/airports	Brown: 619-424-0455 Montgomery: 858-573-1440
Fire-Rescue	www.sandiego.gov/fire	Maurice Luque, Program Manager 619-533-4418; MLuque@sandiego.gov
Library	www.sandiego.gov/public-library	Marion Hubbard, Senior PIO 619-236-5848; MHubbard@sandiego.gov
Park & Recreation	www.sandiego.gov/park-and-recreation	Jim Winter, Project Officer II 619-235-5257; JWinter@sandiego.gov
Police	www.sandiego.gov/police	Lieutenant Andra Brown 619-531-2675; AEBrown@pd.sandiego.gov Detective Gary Hassen 619-531-2900; GHassen@pd.sandiego.gov
Public Utilities	www.sandiego.gov/publicutilities	Arian Collins, Supervising PIO 619-527-3121; ACollins@sandiego.gov Kurt Kidman, Customer Support, Supervising PIO 619-533-4185; KKidman@sandiego.gov Eric Symons, Long-Range Planning & Water Resources, Supervising PIO 858-614-5795; ESymons@sandiego.gov
Public Works-General Services	www.sandiego.gov/generalservices	Racquel Vasquez, Senior PIO 619-533-3196; RVasquez@sandiego.gov Pierrette Storey, Senior PIO 619-533-3781; PStorey@sandiego.gov
QUALCOMM Stadium	www.sandiego.gov/qualcomm	Stadium Contact: 619-641-3100 stadium@sandiego.gov
Real Estate Assets	www.sandiego.gov/real-estate-assets	Division Contact: 619-236-6020
Transportation & Storm Water	www.sandiego.gov/planning/programs/transportation www.sandiego.gov/stormwater	Bill Harris, Supervising PIO 858-541-5354; BillHarris@sandiego.gov
Environmental Services	www.sandiego.gov/environmental-services	Dennis Williams, PIO 858-573-1241; WilliamsDL@sandiego.gov Jose Ysea, PIO 858-573-1291; JYsea@sandiego.gov

Community Groups, Committees and Districts

Community Planning Committee (CPC)

The Community Planning Committee was created to ensure communication between the various Community Planning Groups and to solicit public input on Citywide issues through the CPGs. Each Community Planning Group designates their chairperson to act as their community's representative to the CPC. For information on CPC meeting agendas, minutes and other information visit:

www.sandiego.gov/planning/community/cpc

Community Planning Groups (CPGs)

Community Planning Groups act as a formal mechanism for community input in the CIP decision-making process. They give citizens an opportunity for involvement in suggesting projects to the City Council, the Planning Commission, asset-owning departments, and other decision makers. For more information on your community's CPG visit: www.sandiego.gov/planning/community/pdf/cpg/contactlist.pdf

Park & Recreation Committees

Park and recreation boards and committees act as a vehicle for public input to the Park & Recreation board which makes recommendation to City Council via Council or committee meetings. For more information please visit:

www.sandiego.gov/park-and-recreation/general-info

Maintenance Assessment District

A Maintenance Assessment District (MAD) is a portion of a community in which property owners can vote to assess themselves to receive enhanced maintenance, landscaping, and lighting services. These services are above and beyond the City's baseline general services. For more information visit:

www.sandiego.gov/park-and-recreation/general-info/mad.shtml

To see what MAD may exist in your community refer to this map:

www.sandiego.gov/park-and-recreation/pdf/madmap.pdf

Frequently Asked Questions (FAQs)

1. What is the difference between the City's Operating Budget and the CIP Budget?

The Operating Budget provides an outline of how the monies coming into the City will be spent to operate and maintain City functions and services, including public safety and parks and recreation. The Operating Budget is primarily supported by the General Fund and is used for day-to-day recurring expenses for City services and functions. In contrast, the CIP Budget allocates available revenue for capital projects to rehabilitate, improve, or build new public infrastructure, such as streets, libraries, parks, and water pipes. The CIP is funded from various sources that often have restrictions on how they can be spent. For more information refer to page 18 of this Guide.

2. Is the CIP budget a multi-year plan?

The CIP Budget is a "rolling" CIP which means that it includes five years of funding for: (1) projects started in previous years that are ongoing, and (2) new projects starting in the current fiscal year. Currently, the CIP Budget does not include the City's unfunded needs or new projects starting in later fiscal years.

3. Can the City use more funds from the General Fund for CIP projects?

The General Fund is not used as a primary funding source for the CIP budget. Because it is the primary funding source for basic City services, and those funds are limited, General Fund monies are only used for the most urgent capital projects that do not have any other available funding sources. The use of the General Fund for capital projects impacts the operational budgets of the City departments requesting these funds.

4. How can I determine if my project is capital in nature?

Capital improvements projects are construction projects that provide tangible long-term improvements or additions of a fixed or permanent nature; have value; and can be depreciated, such as a new or expanded library, replacement of aging water pipes, or a new streetlight. In contrast, maintenance includes ongoing upkeep and repairs, such as patching a roof, planting trees, painting a building, or replacing carpeting. Asset-owning department staff can provide additional clarification, if needed (see contact information on page 28 of this Guide.)

5. Where can I find an asset-owning department's unfunded needs list?

City staff have posted departmental lists of unfunded needs and condition assessments on CPC's website:

www.sandiego.gov/planning/community/cpc/resources.shtml.

Contact the asset-owning departments directly if you need more information (see contact information on page 28 of this Guide).

6. What is CIPRAC?

The Capital Improvement Program Review & Advisory Committee (CIPRAC) is an internal decision-making body made up of senior-level officials from City departments (See page 6 of this Guide for member departments). They review projects and

corresponding ranking scores submitted by asset-owning departments during the budget process, and make project recommendations to the Mayor for inclusion in the Mayor's budget. Their goal is to ensure that the projects are appropriately ranked from a City-wide perspective, balancing needs and budget with policy objectives.

7. Why are CIPRAC's meetings closed to the public?

CIPRAC is an internal decision-making body of departmental staff, so their meetings are not subject to the same legal requirements for public meetings. CIPRAC meetings occur later in the CIP budget process when project prioritization becomes finalized based on public, City Council, and City department input. Public input should optimally occur earlier in the CIP budget process (see budget process calendar on page 19 of this Guide). Public input on the CIP budget can be made by contacting: asset-owning departments while they are compiling their needs list; your City Council Member; your Community Planning Group; or the Mayor's Office.

8. Why do projects with lower priority scores make it into the budget and receive funding over projects with higher scores?

Although this may differ on a case by case basis, generally this occurs as a result of funding limitations and other rules associated with funds. For example, Water & Sewer Funds can only be expended for water and sewer projects, thus creating a situation where a low scored water or sewer project may be funded before a higher priority scored park or street project.

9. How many projects were funded in FY 2013, and how many of those were new projects?

For the FY 2013 CIP budget, there were 150 projects funded for a total of about \$215 million. Of those 150 projects, 16 are new and 134 are continuing projects from previous fiscal years.

10. How will I know if a project I am interested in is funded?

Projects that are proposed to be funded for the next fiscal year will be released in the Mayor's Proposed Budget by April 15th of the prior fiscal year, per City Charter requirements. The potential releasing a list of funded capital projects before this date (if available) is subject to mayoral policies.

11. What happens to projects that do not make it into the CIP Budget?

Asset-owning departments keep track of their unfunded needs, and any feasible project not selected for implementation remains on the department's unfunded needs list.

12. How can I follow the progress of an approved capital project?

The CIP website, www.sandiego.gov/cip/projectinfo, provides an updated interactive map and tools for public use that displays information on current approved capital projects. You may also contact the corresponding project manager listed in Volume 3 of the City's Adopted Budget – Capital Improvements Program found on the Financial Management Department's website www.sandiego.gov/fm/annual, contact your Council District's office, or contact the asset-owning department.

13. Why would an approved project not have any funding identified for the current fiscal year even though it was identified for funding in previous fiscal years?

The City uses “phased funding” for CIP projects which is a good cash management practice. For example, a project will be started when it has sufficient funds to complete planning and design in order to get it off the ground. The remaining funds needed for project completion are shown in the budget as “unidentified funding.”

It is anticipated that funding to complete the construction of the project will be identified when it is needed in a future fiscal year. In some cases, funding cannot be identified when needed which can cause projects to be put on hold. The projects are generally shown in the CIP budget as “unfunded or underfunded.” These projects remain in their current implementation phase until more funding can be identified or they are removed from the CIP budget.

14. How is a capital project removed from the CIP budget?

A project comes off of the capital project list (and CIP budget) once it is completed or constructed, or through Council approval.

15. Why do some projects languish without receiving money even though they have been approved as a capital project?

A common cause for this stems from a lack of available or eligible funding. Other issues may be that the proposed project is affected by legal or environmental requirements, or it may lack community support.

16. Who do I contact regarding questions about a project that is unfunded?

If a project has already been approved and initiated, contact Public Works-Engineering & Capital Project’s (E&CP) Public Information Officers via the CIP website’s project information hotline: 619-533-4207 or engineering@sandiego.gov. In addition, Volume 3 of the City’s Adopted Budget – Capital Improvements Program, has a project page on each approved CIP project, including the project manager and their contact information. www.sandiego.gov/fm/annual

17. Is there available funding throughout the year that is not part of the regular budget to do small capital projects?

No additional planned funding is set aside throughout the fiscal year, but state and federal grants or other opportunities may become available. In addition, the CIP Budget includes Annual Allocations which are essentially pots of monies that may be used to fund ongoing maintenance and repair projects throughout the fiscal year. These are typically smaller projects that are expected to last for less than one year.

18. Does the age of a community affect the investments it receives from the City?

The City does not prioritize specific communities over others, but there are two important points related to the age and level of development in a community.

- First, more established communities will have older assets that may require improvement or replacement. This will increase the priority ranking score of the project.

- Second, more established communities that are at or near build out are only able to collect Development Impact Fees (DIF) on developer infill or

revitalization efforts. This generally provides less than 10% of the funding needed for identified public facilities. In contrast, communities that are relatively early in their planned development assess fees as development occurs. In this case, the Facilities Benefit Assessment (FBA) provides up to 100% of funds for public facilities projects identified in the community's financing plan.

19. How does the legislation relating to the elimination of redevelopment money affect CIP projects that previously used this funding source?

Many CIP projects have lost their funding source. As a result, they now compete for other funding sources.

20. What qualifies a capital project as an emergency project?

A capital project becomes an emergency project once there is a threat to the lives and safety of the public, such as to replace a failed water main and repair sidewalks streets and other public property damaged by the resultant flooding.

21. When and how can I provide input into the projects that are selected for next year's CIP process?

Citizens can provide input on needed CIP projects through various avenues, including:

- ✚ Contacting your City Council Member www.sandiego.gov/citycouncil;
- ✚ Providing public comment during City Council budget hearings;
- ✚ Contacting staff from the applicable asset-owning department shown in the table below; and/or
- ✚ Attending meetings or contacting representatives from community planning or recreation committees and other groups
<http://www.sandiego.gov/planning/involved/how.shtml>.

In order to provide input for the following fiscal year, it is most effective to become involved early in the CIP budget process before the asset-owning departments begin to compile and prioritize their needs lists. After the Mayor releases the Proposed Budget by April 15th, the public also has an opportunity for input through budget hearings that are held in May.

Glossary

Asset-owning Departments - The departments identify, prioritize, and funding for needed projects. For San Diego, this includes the following departments: Airports; environmental Services; Fire-Rescue; Library; Park & recreation; Police; Public Utilities; Public Works-General Services

Bond – A funding tool representing a written promise to pay a specific sum (face value or principal amount) in the future (maturity date), plus interest. In California, municipal government bonds are only used to finance capital improvements.

Capital Asset - Land, structures, equipment, and intellectual property that have an estimated life of one year or more.

Capital Improvement Project – The construction, purchase, or major renovation of buildings, utility systems, and other facilities as well as land acquisition and roadway projects.

Capital Improvements Program (CIP) - The long-range plan for all individual capital improvement projects and funding sources. CIP Projects are unique construction projects that aim to install new, replace old, or rehabilitate existing infrastructure.

CIP Budget - A financial plan of capital projects and the authorized means of their expenditures over a given period of time.

CIP Review and Advisory Committee (CIPRAC) - A committee comprised of senior-level officials from City departments which reviews proposed CIP projects from a Citywide perspective and forwards the proposed budget recommendations for the Mayor's approval.

Deferred Capital – Needed capital improvements, refurbishment, or expansion to existing facilities that have been put off. Postponing capital projects is generally due to limited available funding, but often will increase the cost of repairs as the condition of facilities, roadways, and other infrastructure gets worse.

Development Impact Fees (DIF) – Fees that are collected within urbanized communities which are near build-out to mitigate the impact of new development.

Enterprise Funds – Funds established to account for specific services funded directly by fees and charges to users such as water and sewer services. These funds are intended to be self-supporting.

Facilities Benefits Assessments (FBA) – An FBA generally provides 100% of funds for public facilities projects that service a designated area of benefit and are identified in the Public Facilities Financing Plan (PFFP).

General Fund – The City's main operating fund that pays for basic City services that use most of the City's tax revenue, such as public safety, parks, and library services.

Grant – A contribution by a government or other organization to support a particular function.

Financial Management Department (FM) – The City department that reviews project funding requests for availability and develops the annual CIP budget.

Infrastructure – The basic structures and underlying facilities needed for the functioning of a community and its economy, such as public facilities, streets, roads, bridges, tunnels, parks, storm drains, and water and sewer systems.

Maintenance Assessment District – Property owners within a specified district are assessed for the purpose of financing maintenance of open space areas, street medians, rights-of-way, and in some cases, mini-parks and streetlights.

Operating Budget – A budget that identifies revenues and spending for ongoing services and operations, such as police, fire, parks, and libraries.

Public Works-Engineering & Capital Projects – The City department that implements and manages approved projects in the CIP budget.

Public Facilities Financing Plan – These plans implement the improvement requirements set forth in a designated area's community plan and provide funding from developer fees.

Unfunded needs list – A summary of projects with insufficient funding for project completion which identifies both the amount of funding required and the component of work that is not funded. This information can be found by department in the City's CIP budget document.

Unidentified funding – An amount required for project completion, but for which no funding source has been identified. This information can be found in the City's CIP budget document.